

Message Text

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C O N F I D E N T I A L STATE 180251

E.O. 11652: XGDS

TAGS: ETRD, PN

SUBJECT: UNITED BRANDS - BARLETTA CONVERSATIONS

REFERENCE: STATE 179885

1. FRIDAY MORNING (AUGUST 16) DUDENSING OF UNITED BRANDS CALLED DEPARTMENT TO REPORT HE HAD MET TWICE WITH MINISTER OF PLANNING BARLETTA ON THURSDAY, AUGUST 15. HE STATED HE WAS "VERY IMPRESSED" WITH BARLETTA AND THAT HE THOUGHT THEIR CONVERSATIONS HAD PRODUCED "A GLIMMER OF LIGHT" ON THE POSSIBILITY OF GETTING THE TALKS WITH PANAMA GOING AGAIN.

2. ACCORDING TO DUDENSING, BARLETTA LAID OUT SIX POINTS
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WHICH DUDENSING FELT OPENED THE DOOR TO NEGOTIATIONS. DUDENSING DID NOT SPECIFY WHAT THE SIX POINTS WERE BUT DID STATE THAT BARLETTA INSISTED THAT UNITED BRANDS MUST AGREE TO PAY ALL TAXES DUE FOR FRUIT ALREADY SHIPPED BUT UNDER TERMS WHICH DUDENSING INDICATED UNITED BRANDS COULD LIVE WITH. FOR EXAMPLE, HE STATED TAXES COULD BE PAID OVER AN EXTENDED PERIOD AND WITH VARIOUS REBATES WHICH WOULD BRING THE EFFECTIVE TAX RATE DOWN TO \$.50 A BOX. DUDENSING VOLUNTEERED TO DEPARTMENT HIS OWN CONVICTION THAT "THE SCENARIO HAS GOT TO BE THAT UNITED BRANDS PAYS THE TAX."

3. ACCORDING TO DUDENSING, BARLETTA AGREED TO CALL MANFREDO IN PANAMA AND THEN GET BACK IN TOUCH WITH DUDENSING.

DUDENSING STATED THAT UNITED BRANDS VICE-PRESIDENT TAYLOR WOULD BE IN HONDURAS ON MONDAY AND TUESDAY (AUGUST 19 AND 20) AND THEN COULD PROCEED TO PANAMA ON TUESDAY AFTERNOON OR WEDNESDAY DEPENDING ON THE RESULTS OF BARLETTA'S TALKS WITH MANFREDO. BARLETTA HAD NOT CALLED DUDENSING BACK AS OF THE TIME OF THE LATTER'S CONVERSATION WITH DEPARTMENT.

4. IN HIS CONVERSATION WITH THE DEPARTMENT, DUDENSING STRESSED THAT HE WAS HANDLING THIS MATTER WITH TAYLOR AND WANTS TO KEEP UNITED BRANDS VICE-PRESIDENT GALLUP AND PRESIDENT ELI BLACK OUT OF THE PICTURE FOR THE MOMENT. HE STATED THAT UNITED BRANDS' ACCEPTANCE OF \$.50 TAX IN PANAMA MIGHT DEPEND ON A SIMILAR TAX, WITH ALLOWANCES FOR FREIGHT DIFFERENTIALS, ETC., BEING IMPOSED BY ECUADOR AND STATED THAT BARLETTA HAD HEARD THAT SUCH AN ACTION BY ECUADOR "MIGHT HAPPEN."

5. COMMENT: THE INNER POLITICS OF UNITED BRANDS ARE VERY UNCLEAR TO DEPARTMENT AT THIS TIME BUT APPEAR TO BE QUITE AS BIZARRE AS THOSE OF ANY OF THE COUNTRIES INVOLVED. IT IS NOT CLEAR, FOR EXAMPLE, THAT DUDENSING AND TAYLOR WOULD HAVE THE AUTHORITY TO ACCEPT THE ARRANGEMENT DISCUSSED WITH BARLETTA, DESPITE DUDENSING'S APPARENT PROPENSITY TO DO SO. IT SEEMS UNLIKELY THAT THEY WOULD EVEN ATTEMPT TO NEGOTIATE ON BASES WHICH THEY FEEL THEIR PRINCIPALS MIGHT NOT APPROVE, AND DUDENSING
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FREQUENTLY MAKES REFERENCES TO KEEPING VICE-PRESIDENT GALLUP OUT OF THE PICTURE, IN CONTEXT, LEAVING THE IMPRESSION THAT DUDENSING BELIEVES THAT GALLUP WOULD NOT APPROVE. PERHAPS THIS IS WHY DUDENSING HAS REPEATED SEVERAL TIMES THAT HE HAS A "SPECIAL RELATIONSHIP" WITH PRESIDENT ELI BLACK. AT ANY RATE, IT IS NOT CLEAR THAT DUDENSING'S REACTIONS, AS REPEATED ABOVE, REPRESENT

COMPANY THINKING AT THIS POINT.

6. DUDENSING REPORTS BARLETTA IS DEFINITELY INTERESTED IN FURTHER DISCUSSIONS OF UNITED BRANDS' DIVESTMENT PLAN REPORTED IN REFTEL WHICH COULD BE WORKED OUT AS PART OF LONG-TERM SETTLEMENT. AT RECEPTION AT PANAMANIAN EMBASSY ON THURSDAY (AUGUST 15) EVENING IN DISCUSSION WITH DEPTOFF, BARLETTA GAVE MUCH SPARSER, BUT SUBSTANTIALLY SIMILAR, ACCOUNT OF MEETINGS WITH DUDENSING WHICH HE CHARACTERIZED AS "INTERESTING." DEPTOFF STRESSED TO BARLETTA THAT DUDENSING APPROACH TO HIM WAS AT URGING OF THE DEPARTMENT AND NOT BACK DOOR ATTEMPT BY UNITED BRANDS TO SEEK FROM ONE POINT OF CONTACT IN GOP WHAT THEY COULD NOT GET THROUGH ANOTHER. DEPTOFF ALSO STRESSED

U.S. GOVERNMENT INTEREST WAS IN SEEING PARTIES MOVE TOWARDS A MUTUALLY SATISFACTORY AGREEMENT ON MATTERS UNDER

DISCUSSION AND THAT WE HAD NO INTEREST OR INTENTION OF BECOMING INVOLVED IN SUBSTANTIVE ISSUES. KISSINGER

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